

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

September 29, 2021

Siskiyou Crossroads, located at 510 N Foothill Drive in Yreka, requested and is being recommended for a reservation of \$1,524,423 in annual federal tax credits to finance the new construction of 49 units of housing serving special needs tenants with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Rural Communities Housing Development Corporation and will be located in Senate District 1 and Assembly District 1.

The project financing includes state funding from the NPLH program of HCD.

Project Number CA-21-080

Project Name Siskiyou Crossroads
Site Address: 510 N Foothill Drive
Yreka CA, 96097 County: Siskiyou
Census Tract: 7.020

Tax Credit Amounts	Federal/Annual *	State/Total
Requested:	\$1,524,423	\$0
Recommended:	\$1,524,423	\$0

* Consolidated Appropriations Act, 2021 (CAA) Federal Credits

Applicant Information

Applicant: Rural Communities Housing Development Corporation
Contact: Ryan LaRue
Address: 499 Leslie Street
Ukiah CA 95482
Phone: 707-463-1975
Email: rlarue@rchdc.org

General Partner(s) / Principal Owner(s): Rural Communities Housing Development Corporation
General Partner Type: Nonprofit
Parent Company(ies): Rural Communities Housing Development Corporation
Developer: Rural Communities Housing Development Corporation
Investor/Consultant: Community Economics, Inc.
Management Agent(s): Rural Communities Housing Development Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 4
Total # of Units: 50
No. & % of Tax Credit Units: 49 100%
Federal Set-Aside Elected: 40%/60%

Information

Set-Aside: Rural
Housing Type: Special Needs At least 20% 1BR units and 10% larger than 1BR units
Type of Special Needs:
Average Targeted Affordability of Special Needs/SRO Project Units: 42.45%
% of Special Need Units: units 48.00%
Geographic Area: N/A
TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 24	45%
At or Below 50% AMI: 14	25%
At or Below 60% AMI: 11	20%

Unit Mix

9 SRO/Studio Units
20 1-Bedroom Units
20 2-Bedroom Units
1 3-Bedroom Units
<u>50 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
9 SRO/Studio	30%	\$244
11 1 Bedroom	30%	\$261
5 1 Bedroom	50%	\$575
4 1 Bedroom	60%	\$575
4 2 Bedrooms	30%	\$314
9 2 Bedrooms	50%	\$735
7 2 Bedrooms	60%	\$735
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$287,000
Construction Costs	\$12,820,045
Rehabilitation Costs	\$0
Construction Contingency	\$1,061,503
Relocation	\$0
Architectural/Engineering	\$942,660
Const. Interest, Perm. Financing	\$1,091,064
Legal Fees	\$90,000
Reserves	\$432,160
Other Costs	\$863,948
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$19,788,381

Residential

Construction Cost Per Square Foot:	\$353
Per Unit Cost:	\$395,768
True Cash Per Unit Cost*:	\$383,865

Construction Financing		Permanent Financing	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
JP Morgan Chase Bank	\$14,640,345	HCD - NPLH (Competitive)	\$3,873,922
County HHAP	\$230,809	HCD - NPLH (Non -Competitive)	\$500,000
County Partnership Health Plan	\$560,000	County HHAP	\$230,809
County MHSA	\$630,455	County Partnership Health Plan	\$560,000
County PLHA	\$142,120	County MHSA	\$630,455
General Partner Equity	\$1,000	County PLHA	\$142,120
Tax Credit Equity	\$1,341,492	Deferred Developer Fee	\$595,153
		General Partner Equity	\$1,000
		Tax Credit Equity	\$13,254,922
		TOTAL	\$19,788,381

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$13,029,260
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$16,938,037
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$1,524,423
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.86950

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Disaster Credit Tie Breaker Information

First:	No
Second:	No
Third:	\$28,708.53

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Yreka, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	4	4	4
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of public library	3	3	3
Within ½ mile of a neighborhood market of at least 5,000 sf	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Health/behavioral services provided by licensed org. or individual	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
Smoke Free Residence	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.